

A Lens for the Future:

Saint Paul for
the Next
25 Years



REPORT OF THE LONG-RANGE PLANNING COMMITTEE OF THE SAINT PAUL PLANNING COMMISSION

Credits

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Executive Summary

The City of Saint Paul is on the verge of major change. The changes ahead mean the city will face many challenging, complex issues in the coming years. This report summarizes the work of the Saint Paul Planning Commission's Long-Range Planning Committee by describing the major changes that have occurred in Saint Paul over the last twenty-five years and discussing the emergent trends and changes that will impact the city's future.

Executive Summary

Past Twenty-Five Years

The report starts by looking back twenty-five years with a summary of the major changes that Saint Paul has experienced since 1980:

- *deindustrialization* fundamentally changed Saint Paul's economy
- the *historic preservation movement* transformed Saint Paul's neighborhoods
- *downtown* has emerged as a residential neighborhood and center of culture as its business mix has changed
- the central *riverfront* is no longer reserved for industry; instead, it is on its way to becoming vibrant, accessible, and habitable
- *immigration* has transformed Saint Paul's demographics
- *fiscal disparities* between the City's increasing need to provide services and its decreasing ability to pay for them have become a serious problem
- *Less money*—Saint Paul's financial resources will be stretched
- *Changing transportation needs*—as traffic congestion grows, transit options can add capacity to the city's transportation network
- *More diverse population*—the city's population will continue to diversify
- *Changing economy*—the jobs of the future will be different from the jobs of the past and will require different skills
- *Geographic mismatch between jobs and housing*—more jobs are located outside of the central cities
- *Increasing poverty and disparity*—there is a widening gap between the wealthiest households and the poorest
- *Rising cost of housing*—increasing housing prices impact Saint Paul's ability to house a diverse population
- *Skilled labor shortage ahead*—the growth of the labor market is slowing, and there will be a nationwide shortage of workers
- *Increasing cost of energy*—rising energy prices could have major impacts on development patterns, consumer choices, transportation modes

Next Twenty-Five Years

Next, the report begins to look ahead by assessing current data and trends to propose assumptions about how Saint Paul will grow and change:

- *More people*—the city, region, and state will continue to grow

The central element of the report is the **pressure points framework**, which gives the community a way of thinking about the big issues that are looming in Saint Paul's future. The framework has four components:

1. Goal

The goal for planning in Saint Paul is to “*Promote the growth necessary to keep Saint Paul vibrant and healthy without compromising its high quality of life or changing its heart.*”

2. Insulation

The elements of Saint Paul that give the city its unique identity and should be protected are:

- *Economic vitality*
- *Sense of place*
- *Strong neighborhoods and housing*
- *Regional strength*
- *Environmental resources*
- *Education*
- *Diversity*

3. Pressure Points

The significant areas of change that will profoundly impact Saint Paul’s future and must be proactively addressed are:

- *Fiscal challenges*
 - City funding* is dwindling
 - Economy* is changing
- *Growing population*
 - Density* is needed
 - Disparity* is growing

■ *Changing places*

- Transportation* needs and solutions are changing
- Downtown* is being reinvented

4. Global Factors

Some of the issues that are important to Saint Paul’s future but are out of the direct control of the City or the Planning Commission are:

- An increasingly *global* marketplace
- Rising *energy* costs
- Lack of commitment to *long-term thinking*

A Lens for the Future

This report does not lay out a definitive plan for the city or provide an answer key to the large questions we will face. Instead, it is intended to become a lens for evaluating projects, plans, and policies that come before the Planning Commission and the City of Saint Paul that will instill long-range perspective in individual decisions.

Introduction

Change in American cities is often dramatic and sometimes course altering and can affect the direction of a city for decades.

Purpose

The purpose of this report is to provide a summary of the big issues facing Saint Paul as it moves into the future. While the report takes a big-picture, long-range view of Saint Paul, the assumptions behind the issues identified here are grounded in data. The content of the report emerged from interviews with community experts, research, and discussions of the Long-Range Planning Committee of the Saint Paul Planning Commission. The report also aims to present a conceptual framework for thinking about major issues that gives them context, meaning, and clarity. Finally, the report is intended to inform the City's update of the Comprehensive Plan that will guide planning policy in Saint Paul for the next ten years.

Background

As part of the Saint Paul Planning Commission's Long-Range Planning Committee's efforts to focus on the future of Saint Paul we interviewed several prominent community leaders to better understand the scale and scope of change in the city over the last twenty-five years.

- Larry Millett, Pioneer Press
- Tom Kingston, Wilder Foundation
- Dave Lanegran, Professor of Geography, Macalester College
- George Latimer, Former Mayor/Professor of Urban Studies, Macalester College

- Rick Beeson, President, Park Midway Bank/Chamber of Commerce
- Jim Scheibel, Former Mayor/Executive Director, Ramsey Action Programs
- John Adams, Professor of Geography, University of Minnesota
- Barbara Lukermann, Senior Fellow Emeritus, Humphrey Institute of Public Affairs

At each meeting two invited guests shared their thoughts on Saint Paul's past and future. The guests were asked to consider the following questions:

- 1) What have been the three to five most significant changes (physical, social, demographic, economic, etc.) in Saint Paul since 1980?
- 2) Over the next twenty-five years, what are three to five opportunities or problems the City should be considering and planning for now?

While each respondent had a distinct perspective on Saint Paul's past and future, there was general agreement on what trends, events or movements have most affected Saint Paul. These interviews served to give the Long-Range Planning Committee a shared understanding of the major issues that have shaped Saint Paul's past and will affect its future.

Past Twenty-Five Years

Since 1980, Saint Paul has undergone a number of significant changes.

Deindustrialization

The loss of many established manufacturing businesses during the 1980's was a major theme in our discussions. Amhoist, Whirlpool and several large breweries all closed, and their closing dramatically affected the fabric of working-class neighborhoods on the East Side, in the West Seventh neighborhood, and throughout the city.

Even though the plant closings happened decades ago, the city is still dealing with the aftermath of this major upheaval as it continues efforts to redevelop old plant sites and generally deal with the economic and social upheaval caused by the local manufacturing losses.

Historic Preservation Movement

Saint Paul in the late 1970's and early 1980's was, like many American cities, searching for an identity. Years of suburbanization had taken their toll not only on the economic base of the city, but more importantly on the character and cohesiveness of its neighborhoods. To compete with suburbs, many of the city's Victorian houses were cleared to make way for single-story, modern designs similar to suburban tract houses.

Saint Paul is still dealing with the social and economic upheaval triggered by the plant closings that happened in the 1980s.

In 1976, however, the federal government created a program for tax incentives aimed at promoting the preservation of America's architectural and historic resources, including the kinds of architecturally significant homes that had fallen out of favor. Coupled with the vision and determination of a band of new urban pioneers, the Historic Preservation Tax Incentives began a movement that has transformed Saint Paul over the past twenty-five years.

Summit Avenue, Summit Hill, Selby Avenue, Rice Park, Lowertown, Cathedral Hill, West Seventh Street, and more recently, Swede Hollow and Dayton's Bluff have been transformed because people value history, design and character, and are willing to expend their time and energy to protect these values. Saint Paul's essential character has to a large extent been reestablished through the preservation movement, and the city remains an attractive and vital place to live for those seeking an urban lifestyle.

Changing Role of Downtown

Downtown Saint Paul is no longer the regional business center for the eastern metropolitan area that it was in the 1980's. The business mix has changed appreciably during the last twenty-five years.

The downtown is still home to major corporations, such as St. Paul Travelers, Ecolab, Minnesota Life, and Lawson Software. As the role of downtown has changed, however, the large base of service businesses that were so prevalent and important in the 1980's has dwindled.

Saint Paul is now one of multiple business centers in the metropolitan area and one of several in the eastern metropolitan area. Given this changing context, the redefinition of downtown continues and will likely continue for some time.

Increasing needs combined with declining resources create a challenging situation for the City.

In recent years, downtown Saint Paul has begun to emerge as a residential neighborhood and a center of culture. That shift in focus has not changed the fact that downtown Saint Paul will always remain a seat of government with federal, state, county and local government operations providing the backbone of employment.

Riverfront Focus

Saint Paul's riverfront has historically faced a dichotomy. For most of the city's history, the river served as a classic working waterfront with industry, barge fleetings, power plants, and bulk storage operations lining the river from downtown and downstream. The upstream reaches of the river, by contrast, were an oasis of park land in an otherwise dense urban setting.

Beginning in the 1980's, national and local economic factors combined with Saint Paul's longstanding desire to create a more pleasant, accessible and habitable central riverfront came together to shape the future of the riverfront. When Amhoist closed in the 1980's, the availability of its prime

riverfront land spurred the City to acquire that property, junk yards, and other properties on the downtown side of the river in order to move towards a more vibrant, accessible, multi-faceted central riverfront.

Immigration

Beginning with the first wave of Hmong refugees in the 1970's and 1980's and continuing with the addition of immigrants from Africa, Southeast Asia, South America and Mexico, Saint Paul has forever been altered both socially and economically.

The racial and cultural mix of the city has changed significantly over the past twenty-five years. Asians are now the largest minority in the city and all minority groups have increased in size since 1980. Since the 1980 census, the Asian population has increased from fewer than 3,000 people to more than 35,000 in 2004 (a 1,216 percent increase), the Black population has increased from about 13,000 people to more than 34,000 (a 158 percent increase), and the Hispanic population has increased from fewer than 8,000 to more than 20,000 (a 163 percent increase).¹

Saint Paul today is much more cosmopolitan than it once was, and the influx of immigrants has changed the economic character of areas such as University Avenue and the East Side where new immigrant entrepreneurs are instrumental in the continued emergence of new small businesses.



Fiscal Disparities

Saint Paul, like many central cities, has long struggled with the cost of serving the dependent and underprivileged residents that cluster in central cities. Declining federal, state, regional, and local resources available to help deal with the costs associated with providing opportunities and support for dependent populations have strained the City's budget. The influx of large numbers of immigrants during the past twenty years has further increased Saint Paul's dependent population (in 2004, 22 percent of the city's foreign-born population was below the poverty level²), which in turn increases the City's service costs.

Increasing needs combined with declining resources create a challenging situation for the City. All cities must provide basic services to their residents, such as police service, fire service, and infrastructure administration. No city can function without these basic services, but central cities are additionally challenged to provide services to their dependent populations. Saint Paul does not have the option of not providing for its citizens even if they are poor or dependent. As external resources decline while demand increases, the local tax base is required to pay the cost of the difference.

Since Saint Paul is a fully built city with little vacant developable land located in the State's smallest county, which also has little developable land, the opportunity to pay for services by increasing the tax base through new housing and business development is very limited. The only opportunity is to increase taxes on existing businesses and residents, but this strategy risks driving the middle class out of the city.

The City of Saint Paul must do everything in its power to increase new opportunities for tax base growth through infill development and substantial increases in residential density in a few select areas. However, a major part of any solution must be a renewed sense of regionalism that recognizes the existing disparities and the resulting regional risks of such disparities.



Next Twenty-Five Years

Over the next twenty-five years, Saint Paul will continue to grow and change. The assumptions below reflect the Committee's understanding of some of the trends that will impact the city's future.

The metropolitan region is growing, but Saint Paul's portion of the region's population, households, and employment has shrunk over the last forty years and is likely to continue to decline in the future.

Assumptions

More people Saint Paul

Over the next twenty-five years, the Metropolitan Council estimates that Saint Paul's population will continue to grow (Figure 1). Immigration, births, an aging population, and continued immigration from other parts of the country will mean that by 2030, Saint Paul will have 44,160 more people, 20,900 more households, and 36,000 new jobs. This increased population will bring new opportunities and challenges to the city as Saint Paul adjusts to accommodating and serving more people.

Region

The Twin Cities metropolitan region is expected to add nearly a million residents over the next thirty years, a 37 percent increase. This growth is fueled by the area's good economy and quality of life, as well as the unique character and social brand of the region.³ The Twin Cities' strong economic performance relative to the 25 largest metropolitan statistical areas in the country is particularly significant in attracting new residents:

- 1st in labor force participation in 2004,⁴
- 7th in per capita income in 2004,⁵

- 11th in employment growth between 2000 and 2005,⁶
- 13th in per capita income growth between 2000 and 2003,⁷
- 5th in gaining young adults between 1990 and 2000,⁸ and
- 3rd in bachelor's degree holders as a share of 25-34 year olds in 2000.⁹

The metropolitan region is growing, but Saint Paul's portion of the region's population, households, and employment has shrunk over the last forty years and is likely to continue to decline in the future. While Saint Paul benefits from being a part of a thriving metropolitan region, its place and role within the region is still evolving. As the city becomes less dominant in the region, Saint Paul's purpose and function in the metropolitan area will necessarily change.

State

In 2000, the population of Minnesota was 4,919,479. By 2010, the state of Minnesota's population will have grown to 5,452,500, and to 6,268,200 by 2030. The state's growth will be fueled by immigration from other states and foreign countries and by natural increase, and will bring large changes in the age profile of the state. Between 2000 and 2030, the over 55 population will grow by more than 2

Population Growth, St. Paul vs Metro Area 1960-2030

Year	Population, Saint Paul	Population, Metro	Saint Paul as % of Metro
1960	313,411	1,482,030*	21%
1970	309,980	1,813,647*	17%
1980	270,230	1,985,873	14%
1990	272,235	2,288,729	12%
2000	287,151	2,642,062	11%
2010	305,000	3,005,270	10%
2020	320,000	3,334,160	10%
2030	331,000	3,607,660	9%

* Five-county metropolitan area.

Household Growth, St. Paul vs Metro Area 1960-2030

Year	Households, Saint Paul	Households, Metro	Saint Paul as % of Metro
1960	98,704	440,805*	22%
1970	104,128	557,147*	19%
1980	106,223	721,444	15%
1990	110,249	875,504	13%
2000	112,109	1,021,459	11%
2010	120,000	1,197,580	10%
2020	127,000	1,361,870	9%
2030	133,000	1,491,630	9%

* Five-county metropolitan area.

Employment Growth, St. Paul vs Metro Area 1960-2030

Year	Employment, Saint Paul	Employment, Metro	Saint Paul as % of Metro
1960	158,237	(a)	(b)
1970	163,534	(b)	
1980	189,666	1,040,208	18%
1990	172,578	1,272,773	14%
2000	184,589	1,563,245	12%
2010	196,600	1,815,715	11%
2020	210,000	1,990,485	11%
2030	220,600	2,125,965	10%

(a) November 1960 data; other employment estimates are annual averages.

(b) Metro-area employment for 1960 and 1970 could not be found by PED staff.

million, and the median age of the state will rise from 35.4 years to 40.2 years. The growth of the Twin Cities metropolitan region will account for 73 percent of all growth in the state, and the fastest growth will occur in the suburban Twin Cities counties.¹⁰

Less money

As Saint Paul's population grows, its financial resources are being stretched. Over the next twenty-five years the cost of serving Saint Paul's substantial service-dependent population will continue to rise, while the City's ability to raise revenue is increasingly limited. While the percentage of families in poverty was about the same in 2004 as it was in 1980 (8.3 percent and 8.0 percent, respectively), the City today is receiving far less federal and state assistance to help pay for same level of services. Since 2003, state and federal aids have both been cut by 18 percent.

In recent years, the City has relied increasingly on one-time financial measures and reserves to finance its operating budget, and permanent financing (including local government assistance from the state) has not grown as fast as spending. With available reserves largely depleted, the City faces a nearly \$20 million budget gap in 2007.

The City's burden is thus growing, but because Saint Paul is a fully built city with limited land, its tax base cannot be readily expanded. The City is similarly limited in its ability to levy taxes on its population, which can only be asked to shoulder so much of the burden of the City's budget.

Saint Paul Population 1960-2030

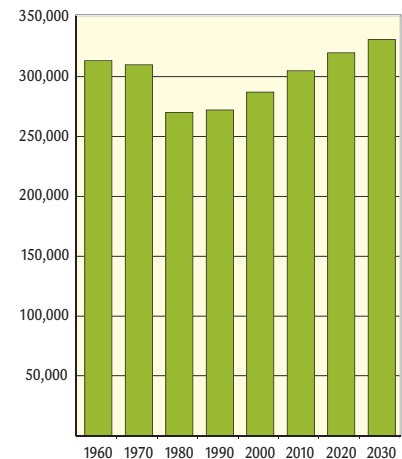


Figure 1

Source: Metropolitan Council; U.S. Census; Land Management Information Center, State of MN

Over the next twenty-five years the cost of serving Saint Paul's substantial service-dependent population will continue to rise, while the City's ability to raise revenue is increasingly limited.

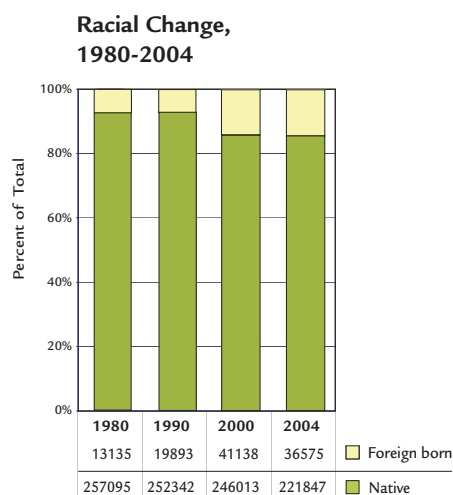


Figure 2

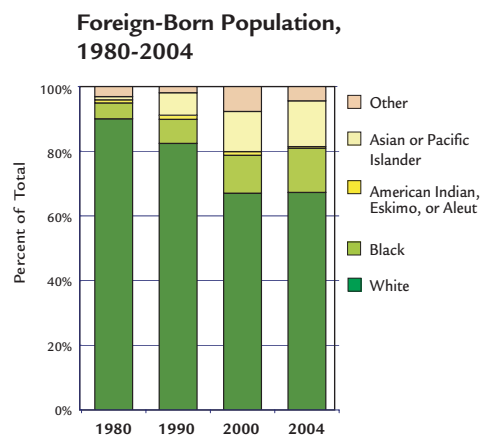


Figure 3

Source: U.S. Census

Finally, the fact that the City today is receiving fewer funds from outside sources (like the federal government) than ever before is unlikely to reverse.

Changing transportation needs

The Metropolitan Council's annual survey of residents shows that traffic congestion and other transportation issues are the region's single most important problem.¹¹ The Twin Cities has grown more than 40 percent since 1970, by 767,000 people. This increase alone has impacted congestion in the metro area, but other factors have also contributed to increased traffic:

- A larger working population as women enter the workforce. Between 1970 and 2000, the proportion of women in the Twin Cities workforce increased from 48.8 percent to 71.4 percent. Among the largest 25 metropolitan areas, the Twin Cities ranks the highest in both male and female workforce participation.
- Dramatic growth in auto ownership. In 1970, a third of the households in the Twin Cities metropolitan area had two cars. By 2000, the figure had increased to 62 percent. In 2000, there was slightly more than one car for every licensed driver in the metro area.
- Increased suburbanization and decentralization. In 1970, 54 percent of the region's households were outside of Minneapolis and St. Paul. By 2000, the figure had risen to 73 percent.

- Fewer jobs located in central cities. The share of the region's jobs located outside of the central cities grew from 44 percent in 1970 to 69 percent in 2000. Today, more people are making more trips and traveling longer distances, with suburb-to-suburb commutes exceeding those from the suburbs to the central cities.

By 2030, the region is expected to add nearly 1 million people, 470,000 households and 560,000 jobs. This will generate an additional 4 million daily trips, a 37 percent increase in travel in the region's roadways.¹²

As traffic in the region worsens, alternatives to the single-occupancy vehicle are becoming more attractive options to Twin Cities residents. In the City of Saint Paul, increased transportation capacity is more likely to come from transit improvements such as regular-route bus service, light rail transit development along University Avenue, enhanced bicycle routes, and carpools rather than from additions to the street network.

More diverse population

Saint Paul's population is far more diverse today than it was twenty-five years ago. In 1980, nearly 90 percent of Saint Paul's residents were white; by 2004, more than 30 percent were not white (Figure 2). Over the same period, the city's foreign-born population has nearly tripled, from 13,135 in 1980 to 36,575 in 2004 (Figure 3).

This increasing diversity means that Saint Paul today is much more like other American cities than it once was in its racial demographics, and it is likely that Saint Paul's future population will be

even more diverse. Projections from the Minnesota State Demographic Center indicate that while the white population of Ramsey County will shrink from 409,502 people in 2000 to 383,900 people in 2030 (a 6 percent decrease), the African-American population will grow 65 percent, the Asian population will grow 77 percent, and the Hispanic population will grow 111 percent.

Changing economy

As the U.S. economy as a whole has shifted from a production economy to a consumption economy, Saint Paul's service-sector employment has grown, while its production-sector employment has eroded. In part because of these changes to the structure of the economy, Saint Paul's total employment has declined by about 12,000 jobs since 1980, even as its population grew.¹³

Large manufacturing businesses that were a part of Saint Paul's economy for many years, such as Whirlpool, the breweries, Amhoist, and Gillette, have closed their doors, and 3M has ended its production processes in the city. According to the 2005 Minnesota Job Vacancy Survey, manufacturing industry job openings declined 25 percent over the course of one year statewide. The employment outlook for production occupations in the Twin Cities is similarly underwhelming, with just a 2.6 percent increase in employment projected between 2002 and 2012. Healthcare employment, in contrast, is expected to grow by 26.6 percent during the same time period.¹⁴

These economic shifts mean that the jobs of the future will likely be very different from the jobs of the past, and

that the city's workforce will need to develop new skills in order to fill the available positions. A quality workforce is also necessary in order to continue to attract employers to locate in Saint Paul and to ensure that residents have access to livable wage jobs in an increasingly global marketplace.

Geographic mismatch between location of jobs and affordable housing

One of the consequences of increased suburbanization and uneven regional growth is that more and more of the region's jobs are located outside Saint Paul and Minneapolis. In 2000, only 16 percent of people who lived outside of the central cities of the Minneapolis-Saint Paul metropolitan statistical area worked in a central city. Forty-five percent of Saint Paul residents worked in Saint Paul, 15 percent worked in Minneapolis, and 39 percent worked outside of both central cities. With the majority of Twin Cities jobs increasingly located outside of the core cities, more Saint Paul residents must travel longer distances to find jobs.

This trend is particularly important to the city's low-income population, who must travel longer distances to get to the entry-level jobs that are increasingly located in the suburbs. This population is frequently reliant on public transportation to travel to work, and the suburbs are not as well served by transportation as the central cities. If Saint Paul's low-income population is unable to travel to available jobs, the city as a whole suffers financially as more funds are required for services to provide for households' basic needs.

Traffic congestion and other transportation issues are the region's single most important problem, and the growth of the region over the next twenty-five years will only increase travel on roadways.

Saint Paul's population is far more diverse today than it was twenty-five years ago, and its diversity will only increase in the future.

The kind of jobs that are more easily accessible to Saint Paul's residents may not be a good match for the skill sets they possess. Thirty-four percent of the region's knowledge-economy jobs are located within either Minneapolis or Saint Paul, yet only 22 percent of the knowledge-economy workers live in the two cities. This means that many of the quality jobs located in the city are out of reach for the low-skill, low-income workers who cluster in the two cities.¹⁵

Increasing poverty and disparity

In spite of the Twin Cities' strong economic profile, there are major population segments that are being left behind. In Saint Paul, almost half of all households have a total yearly income under \$35,000 (45 percent in 2000 and 43 percent in 2004), and 17 percent of households earned less than \$15,000 in 2004. Eight percent of all families and 14 percent of all people were below the poverty level in 2004.¹⁶

The Brookings Institution's *Mind the Gap* study highlights the fact that between 1989 and 1999, the average household income of the wealthiest 20 percent of Twin Cities households rose 24 percent. Meanwhile, the average household income of the poorest 20 percent rose just 16 percent. In 1989, the wealthiest households earned 9.8 times as much as the poorest households. By 1999, the wealthiest households were earning 10.4 times as much. If these large disparities continue to grow, they have the potential to undermine the strength of the city and the region.

Rising cost of housing

Housing values in the Twin Cities have increased significantly over the past twenty-five years. Between 2004 and 2005, the median price of existing homes sold rose by 6 percent, to \$228,900.¹⁷ This increase in value reflects the region's strong economy and benefits many households, but it also has the effect of limiting the ability of new buyers to enter the housing market, and in increasing the cost of living to all households as housing costs increase.

Increasing housing costs are important to Saint Paul because they have the potential to impact the city's ability to retain a wide range of people. As Saint Paul's population grows and diversifies, there is a need to ensure that housing is available at a range of price points in order to accommodate people who want to live in the city. While some households may be attracted to the city because of increasing housing values, others may be deterred from entering the city's housing market in the first place, or forced out of it as housing costs rise beyond the means of households.

The burden of higher housing costs falls disproportionately on low-income households, many of which are paying more than 30 percent of their income on housing. In the Twin Cities metro area, 46 percent of low-income households are considered cost burdened.¹⁸ Many of the low- and moderate-income residents in Saint Paul continue to pay more than 30 percent of their income on housing (Figure 4).

When new buyers do enter the housing market, many households will find ways

Housing Cost Burden, 2004

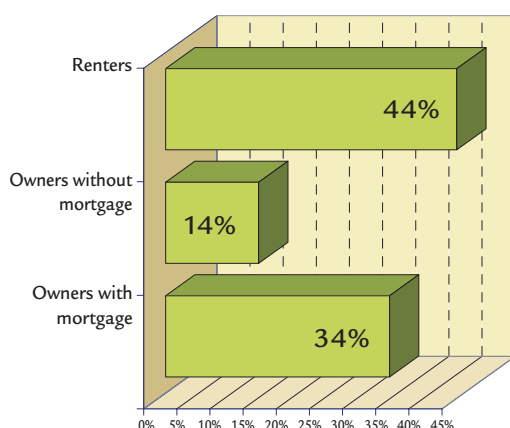


Figure 4

to finance houses that ultimately prove to be beyond their means. Subprime lending is a particular risk to minority households; in 2004, nearly 27 percent of loans taken out by minority households nationwide were subprime.¹⁹ Subprime lending to low-income households puts those households at a greater risk of foreclosure as low, fixed introductory rates give way to higher, adjustable rates that might prove to be unaffordable.

Skilled labor shortage ahead

By 2008, the Bureau of Labor Statistics predicts that there will be a shortage of 6 million workers nationwide; by 2029, the Twin Cities region will lose more than 350,000 highly skilled, baby-boom workers to retirement.²⁰

The U.S. faces a period of much slower labor market growth. The three decisive trends that drove the growth of the U.S. labor force—the maturing of the baby-boom generation, the greatly increased economic role of women and the increase in college attainment—all reverse or flatten out in the next two decades. The baby-boom generation, now in its peak earning years, will soon begin retiring, depriving the economy of some of its most seasoned workers. Women’s labor force participation, which has doubled since the 1950’s and been a key part of growing the U.S. economy, cannot go much higher. And finally, the expansion of college education in the last two generations, which has raised college attainment rates from less than 10 percent of the population to more than 30 percent of young adults, has stopped growing. The combination of baby-boom retirements,

no net additions of women to the labor force and a constant college attainment rate mean that labor is likely to be in short supply over the next two decades.²¹

Increasing cost of energy

The cost of energy is increasing, and this trend is unlikely to reverse in the near future. According to the U. S. Bureau of Labor Statistics’ Consumer Price Index, energy costs rose 17 percent in 2005. The issue of increasing energy costs is a relatively new concern for local units of government, which have been able to essentially ignore energy issues in their day-to-day governance. As energy issues become increasingly important to citizens and as the City begins to feel the impact of rising costs, Saint Paul is working on developing proactive policies to address energy.

While it is impossible to know how much impact these energy trends will have, increasing energy costs may have wide-reaching impacts on consumer choices in housing location, housing type, transportation modes, and travel behavior. At the same time, as alternative fuel sources (such as solar energy, wind power, fuel cells, etc.) are being explored, new options may emerge that will have profound impacts on development patterns.

Large economic disparities and increasing poverty continue to grow and have the potential to undermine the strength of the city and the region.

The Pressure Points Framework

The Long-Range Planning Committee of the Saint Paul Planning Commission has designed a framework (*Figure 5*) for thinking about the major issues facing Saint Paul. This framework gives the community a useful way to conceptualize the many concerns, problems, and trends that are looming in Saint Paul's future.

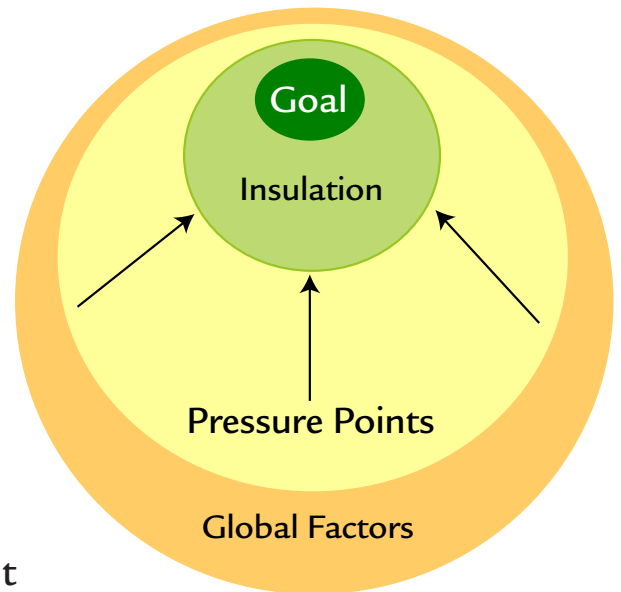


Figure 5

Goal

At the center of the framework is the goal (*Figure 6*), which is to promote growth necessary to keep Saint Paul vibrant and healthy without compromising high quality of life or changing its heart.

This statement can be decomposed into two essential components that must be balanced against each other:

1. promote growth, and
2. preserve the character of existing neighborhoods and of the city as a whole.

The first component, growth, is both inevitable and necessary. If Saint Paul is to remain vibrant and healthy, it must not only retain its current population but also continue to attract new residents. It is critical that the City of Saint Paul continue to grow in order to maintain the City's tax base and increase the resources necessary to ensure that Saint Paul continues to serve its citizens well.

Saint Paul has the opportunity to attract new residents beyond the growth that is predicted in the Metropolitan Council's projections by appealing to people who desire more urban lifestyles, housing options, and access to transit, and by increasing the housing supply through more-dense building. In order to accommodate growth, the city must become denser. To preserve the character of existing neighborhoods, though, any new density must be thoroughly considered, carefully sited, and well designed.

The preservation of Saint Paul's essential nature is an equally important component of the goal. The strength of Saint Paul is its neighborhoods; if we do not maintain and enhance the character of our existing neighborhoods and of the city as a whole, we run the risk of losing the essence of what makes Saint Paul what it is, and alienating the people who are most invested in Saint Paul's future.



Figure 6

If Saint Paul is to remain vibrant and healthy, it must both retain its current population and continue to attract new residents.



Figure 7

Insulation

The “insulation” portion of the pressure points framework is intended to serve as a buffer between the goal and the pressure points that are impacting Saint Paul’s future (*Figure 7*).

These elements of life in Saint Paul protect the goals at the center of the framework, and are elements that must themselves be protected. They are the facets of Saint Paul that give the city its unique identity and feel and collectively guard Saint Paul against changing into something unrecognizable to those who know it best.

Economic vitality

Saint Paul benefits from a vital, diverse economy that includes multinational corporations, small businesses owned by immigrant entrepreneurs, and everything in between. These economic activities happen downtown, along major commercial corridors, and in pockets tucked away in neighborhoods. A vital economy and business community provide job opportunities for citizens, contribute substantially to the city’s tax base, attract other economic activities, and enhance the overall quality of life.

city’s rich history and many cultural activities enhance the amenity value the city as a whole. Saint Paul needs to remember how unique its cultural and historical resources are.

People who live here generally feel connected to the city, sometimes even after they have moved away. Saint Paul’s citizens care deeply about their neighborhoods, and a long tradition of strong citizen participation endures. As Saint Paul is asked to deal with complex issues such as increased density and new transportation modes, however, the city’s residents will be challenged to think about the city as a whole rather than as a collection of neighborhoods.

Sense of place

Saint Paul residents currently enjoy a good quality of life and a strong sense of place. All of the “insulation” elements described here contribute to this overall sense of what makes Saint Paul special and a good place to live. Maintaining this sense of place in the face of great forces of change is critical for Saint Paul’s future.

As a traditionally built city, Saint Paul has unique historical and cultural resources available to its citizens that contribute to this sense of place. The

Neighborhoods and housing

Saint Paul’s traditional built environment will not be replicated by new development, so the city’s neighborhoods constitute distinctive and irreplaceable environments that contribute to attractive quality of life. These neighborhoods inspire fierce protection from residents who are willing to expend time and energy to work towards their vision for the neighborhoods’ best future.



Saint Paul’s vital economy and business community provide job opportunities, contribute to the City’s tax base, attract other economic activities, and enhance the overall quality of life.

The city benefits from having an extremely strong and diverse stock of housing. From the mansions of Summit Avenue to downtown condominiums to the bungalows of Como Park, Saint Paul's housing is generally well maintained and well built. Demographic shifts in Saint Paul, such as increased populations of seniors and new immigrant households, will still require new housing options, but the diversity and quality of available housing means that there are many choices available for people who want to live in Saint Paul at all stages of life and with a variety of housing preferences.

Regional strength

Saint Paul is a central city in the thriving, unique Twin Cities metropolitan region. The Great North Alliance Opportunity Forecast Summary for 2005-2006 awards the Twin Cities an "A+" in "Personality: A Unique Character and Social Brand" when compared to other cities and based on a number of indicators, including social capital. The region is further distinguished by a strong economy, a strong employee work ethic, regional growth, and a governmental framework for regional coordination.

The Metropolitan Council's creation and continued existence highlights a continued belief that the fate of each unit of government in the metro area is tied to the fate of region as a whole. At the same time, suburbs are no longer as dependent on central cities as they once were, and many municipalities increasingly see themselves as independent entities rather

than parts of a metropolitan whole. It will become increasingly important to develop a shared regional vision to ensure the best future for the region as a whole.

Environmental resources

The city's residents have access to tremendous environmental resources, such as the lakes, river, trails, and natural areas (like the Bruce Vento Nature Sanctuary). These should be protected not just because they are fragile and unique, but also because they contribute to the quality of life and sense of place for all of Saint Paul's residents. The Mississippi River is a particularly important, multifaceted natural resource: it is an ecological system, a historical and cultural resource, a public and recreational amenity, a channel for commercial and industrial activity, and a site for new residential development.

Public spaces

Saint Paul's high-quality public realm includes its parks, public spaces, recreation areas, streets and boulevards. When considered together, these public realm elements combine to physically embody Saint Paul's sense of place. Downtown Saint Paul, for example, has numerous impressive public spaces that feel like appropriate gathering places to celebrate the city: Rice Park, Mears Park, the Landmark Center.

Saint Paul's traditional built environment will not be replicated by new development, so the city's neighborhoods are distinctive and irreplaceable environments that contribute to attractive quality of life.



The Twin Cities metropolitan region is strong, but fractured; a shared regional vision is needed to ensure the best future for the region as a whole.

Education

Schools are very important to the future survival of Saint Paul, both as education systems and as institutions. With a much-improved public school system and access to numerous higher-education institutions, Saint Paul has tremendous educational resources available. Ideally, Saint Paul's school system should yield well-educated adults with skill sets that are suited to the job market, and who are prepared and financially able to pursue higher-education opportunities. As higher education becomes an increasingly important factor in determining job prospects and career opportunities, however, the cost of obtaining that education is rising.

Saint Paul's higher-education institutions are not just important because of their ability to educate students. They also steadily attract people to the

city, provide employment opportunities to residents, provide community assistance through academic research, and shape Saint Paul's neighborhoods' unique identities.

Diversity

The face of Saint Paul has changed significantly over the last twenty years due to a major influx of minorities and immigrant populations. These demographic shifts have given Saint Paul the kind of diversity that is typical of other cities, and are fostering major cultural changes that serve to enrich the community and economy of the city. Minority and immigrant populations enhance the city's economy as consumers representing emerging markets, as additions to the labor force, and as entrepreneurs fostering small business development and diversifying the city's economic base.



Pressure Points

The “pressure points” identified in the framework represent significant areas of change affecting Saint Paul’s future (*Figure 8*).

Fiscal challenges

City funding

The City’s financial future holds many challenges. Funding from outside sources has declined significantly in past decades, and this trend is likely to continue. At the same time, the demand for services and the cost of adequately serving the city’s population is rising. Saint Paul must find ways to become more self-sufficient, which is difficult in a fully built city with little room for tax-base expansion and extremely high service outlays. Additionally, the way that citizens typically understand the City’s finances is inadequate because we tend to fail to distinguish the city’s budget (flows

of money in and out) from its balance sheet (assets and liabilities). Because the budget does not include the real cost of neglect and of depreciation of assets in the built environment, we undervalue investment in the kinds of assets that will keep Saint Paul a good place to live and fail to plan for the costs of maintenance, especially the maintenance of the City’s vast infrastructure.

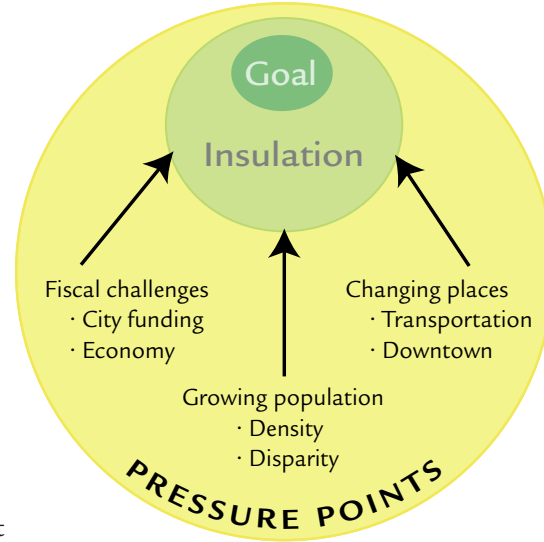


Figure 8

KEY QUESTIONS:

- How can the city continue to provide high-quality services as the funding sources for those services are shrinking? Are there better ways to manage the demand for services?
- How can the city become more financially self-sufficient? Could more public/private partnerships be used to leverage the resources available to the city?
- How should the city’s limited resources be used? What should be the rules for intervening (i.e. spending money) in the private market?
- How would the city’s outlays change if maintenance/asset management were given higher priority?
- Saint Paul cannot expand its boundaries, so where can increased tax base come from?
- How will the city cope with increasing unfunded mandates (including those from groups charged with protecting the environment, water resources, etc.)?
- How can the city balance the need for protection of our environmental resources against the need to accommodate growth and increase the tax base? Where is the tipping point between the market’s highest and best use for the land and environmental preservation?

Changing economy

As the U.S. economy as a whole has shifted from a production economy to a consumption economy, Saint Paul's production-sector employment has eroded. Service-sector employment has grown, but the loss of higher-paying manufacturing jobs has been deeply felt, especially on the East Side.

In order to ensure that Saint Paul's economy remains strong, the city must continue to attract businesses. Businesses that choose to locate in Saint Paul help bolster the city's tax base, create employment opportunities for city residents, and support the regional economy. To attract businesses that will

be willing to invest in Saint Paul, the city must have a quality workforce. Without a high-quality workforce, employers who are here now may not remain, and new employers will have no reason to locate here in the first place. Public schools must provide students with skills that will serve them in future job markets in order to guard against a critical jobs/skills mismatch. As higher education becomes an increasingly important factor in determining job prospects and career opportunities, the cost of obtaining that education is rising beyond the reach of the people who need it the most. This trend has the potential to undermine the quality of Saint Paul's workforce.

KEY QUESTIONS:

- How can Saint Paul produce workers with the skills that will be needed for the jobs of the future?
- Is there an economic/industrial niche that Saint Paul could appropriately and uniquely fill? Can Saint Paul get ahead of the market instead of just responding to it?
- How can Saint Paul maintain its concentration of knowledge economy workers within the metro area? How can Saint Paul capitalize on this concentration?
- What can the city do to support small businesses that help to diversify the city's economy and provide economic opportunities to the immigrant population?
- Outside of downtown Saint Paul, where will the jobs be? How can we physically plan for job retention/creation in other parts of the city?
- What large businesses is the city at risk of losing? How can we start contingency planning without hastening the departure of businesses?

Growing population

Increased disparity

Financial disparities are a major threat to Saint Paul and the Twin Cities metropolitan region. The gap between society's haves and have-nots is widening. Combined with the high cost of housing, increasing education costs, and the loss of higher-paying manufacturing jobs that do not require advanced education, these disparities have the potential to create tension between groups and destabilize the city.

Disparities between minority and majority populations are particularly concerning as Saint Paul's diversity increases. The city's new diversity is certainly a strength, but inadequate political, educational, and capital investments in the immigrant and minority populations

could pose a future threat to the city as disparities grow.

As the city's diversity continues to increase, it is going to be increasingly important to make sure that Saint Paul's newest citizens are integrated into civic life as much as possible. If growing immigrant and minority populations are socially and politically isolated, especially from the city's traditionally strong citizen participation system and democratic processes, the citizen commitment that is Saint Paul's strength will be undermined. Further, if we fail to provide these groups with the education and opportunities they need to find jobs and housing, we will exacerbate disparity issues and risk disenfranchising many of the people who are keeping Saint Paul vital.

KEY QUESTIONS:

- How can Saint Paul's new immigrant and minority populations gain the job skills necessary for Saint Paul to continue to be attractive to employers? How can Saint Paul ensure that these groups receive the necessary skills?
- How can planning in Saint Paul ensure that diverse viewpoints are always considered and included in planning and decision-making processes?
- What can the city do to support minority entrepreneurs?
- How can citizen participation in Saint Paul be restructured to go beyond the district councils to gain a more diverse perspective on neighborhood issues?
- What basic needs do Saint Paul's immigrant/minority populations have that are not being met in the current marketplace? What kinds of housing, transportation, and recreation facilities do these populations require?
- How can Saint Paul become a leader in advocating a more regional approach to addressing disparities and other metropolitan-wide issues?
- What can Saint Paul do to fill in the gap between the haves and have-nots? How can the middle class be attracted, maintained, and expanded/grown?
- What needs to be done to ensure that Saint Paul's new immigrant/minority populations gain the job skills necessary to ensure that their collective economic status improves over time?



Increased density

Saint Paul's population must continue to grow in order for the city to remain vibrant and healthy. To accommodate more people, the city must become denser. Density, however, is not welcomed in many neighborhoods and may be in conflict with the primary goal expressed above of preserving the character of existing neighborhoods. In order to achieve higher densities in the city without adversely impacting neighborhood character, the city should care-

fully consider development patterns as a whole to determine appropriate locations for dense development. The city may ultimately decide to primarily support density in transit corridors and high-amenity areas (e.g. in certain portions of the river corridor, downtown). As plans for mass transit along the Central Corridor on University proceed, the city will have the opportunity to deal with density as both a planning issue and as a deep cultural issue.

KEY QUESTIONS:

- What kinds of densities are needed to accommodate the growth that Saint Paul will experience in the future (or the growth that Saint Paul must experience in order to remain vital)?
- What are appropriate locations for denser developments?
- How can density be made palatable? How can density be tied to amenities?
- How can a neighborhood or the city as a whole add density without compromising its essential character?
- How is density connected to transportation? What densities are necessary to support regular transit service? What transit service is necessary to support increased density?
- How can land uses in the city be distributed in a way that is mindful of the limited land supply but allows for population growth and economic growth?
- As the city grows denser, how can concerns about environmental sensitivity and sustainable designs be dealt with in the development process? Through what mechanisms could the city intervene to achieve more sustainable projects?

Changing places

Transportation challenges

Saint Paul and the Twin Cities region are facing both opportunities and challenges in transportation. The 2006 Metropolitan Survey, performed by the Metropolitan Council, found that traffic congestion and other transportation issues are the region's single most important problem.²² As the metropolitan region has added population and expanded outward, traffic congestion has become a daily hassle for many citizens, especially those who drive long distances to commute to work, and roadway congestion costs exceed annual spending on highways.²³ The current public transit system does not provide viable alternatives to single-occupancy vehicle travel, and there is not yet any long-term, regional consensus on how to address transportation concerns and pay for prospective solutions.

With the opening of the Hiawatha light rail transit line, however, the

Twin Cities region may have rounded a corner in terms of its approach to transit. As plans for light rail transit in Saint Paul move forward, the city and the metropolitan region will have a tremendous opportunity to make real, lasting investments in transportation infrastructure that will serve the region for many years to come. A truly regional approach to transit could give the whole metropolitan area a comparative advantage, which would help to attract population and economic growth.

If congestion continues to worsen, the region's households may begin to make different housing and transportation choices based on the many costs of traffic congestion (e.g., time, gas). Saint Paul may be in a position to benefit from these choices if households decide to move towards the center of the metro region rather than to the fringes of it in order to be closer to jobs, culturally rich urban areas, and more transit alternatives.



KEY QUESTIONS:

- How will new transportation modes change the city?
- What unique opportunities will LRT bring and how can the city capitalize on them?
- How can the economic development opportunity of LRT be quantified and communicated? How can Hiawatha be used as an example?
- What can be done to encourage a truly regional approach to transit? What role can Saint Paul play in encouraging a regional approach to transit?
- How should the city's transportation and land use policies change in anticipation of LRT? In response to LRT?
- How will parking around the city be affected by new transportation modes? What parking policy changes should we anticipate?

Changing downtown

Downtown Saint Paul is changing. The central business district as it was in 1980 is significantly different from its 2006 successor. While it is still a center for business and government, downtown Saint Paul has become a new neighborhood. More and more people are discovering the benefits of living in the center of the city, near many of the area's cultural attractions, jobs, and amenities.

What happens to downtown Saint Paul is important to the city as a whole. Twenty-five years from now, downtown Saint Paul will probably be very different from what it is today. As riverfront development proceeds, as LRT becomes a reality, and as more people decide to make downtown their home, the city will have the opportunity to reinvent and redesign

the heart of the city to meet the needs of the people who visit, work, and live in it. If major projects across the Mississippi River (like the Bridges of Saint Paul) move forward, downtown Saint Paul will be further redefined and possibly expanded.

If downtown Saint Paul continues to attract new residents, in time it will achieve a critical mass of people, and retail and service businesses as well as new cultural and entertainment venues will begin to look for underserved downtown locations. New businesses will in turn improve the quality of life for downtown residents and attract new residents. Downtown has the potential to become Saint Paul's premiere neighborhood for arts, culture, and services.

KEY QUESTIONS:

- How will the 21st century downtown differ from its past incarnations?
- How can downtown reinvent itself as something other than a business center without looking like it is failing?
- How can downtown become a better, more attractive neighborhood without compromising its essential urban nature?
- How can we plan now to keep downtown vital as the metro area and city change around it?
- If major projects across the Mississippi River (like the Bridges of Saint Paul) proceed, how will downtown Saint Paul be impacted? Will the two sides of the river inevitably compete for business, residents, and investment, or are there ways for the two sides of the river to function as a unit? What kinds of strategies would need to be in place in order to achieve a unified (if expanded) downtown rather than two separate, competing centers?

Global Factors

The global factors represented in the framework are a sampling of the issues that are out of the direct control of the City or the Planning Commission but that are important to Saint Paul's future (*Figure 9*). These topics are presented briefly, but each one is worthy of individual, in-depth exploration. The Long-Range Planning Committee may delve into these issues in the future.

Globalization

Major changes in the global economy have created local weaknesses for Saint Paul. Because of an increasingly global marketplace, fewer employers are tied to Saint Paul permanently, which means that fewer corporate leaders are willing to invest their time, energy, and capital in what may only be a temporary home.

Energy

How will rising energy costs affect the Saint Paul, the United States, and the world? If energy prices rise high enough, we all may be forced reconsider our individual lifestyle choices as well as our collective patterns. As households and individuals, we may begin to allow energy considerations to influence our choices in housing location, housing type, transportation modes, and travel behavior. As a society, we may begin to rethink sprawling growth patterns, mass transit, and density.

“Politics”– short-term thinking, lack of common vision, agendas

There are fewer people in 2006, citizens and leaders alike, who are willing or able to commit to long-term planning. Similarly, there has been a societal norm shift to favor the primacy of individual needs over group needs. These two trends combine to create an environment in which big-picture thinking is difficult, and long-term actions are nearly impossible (the revitalization of the Phalen Corridor, the redevelopment of the riverfront, the revival of Lowertown, and the work of District Energy are noteworthy exceptions). We are left with cities working at cross-purposes with the region, and neighborhoods protecting their own interests over the needs of other neighborhoods or the city as a whole. Decisions have thus become more about power, politics, and short-term self preservation than about what is the best long-term option for the most people.

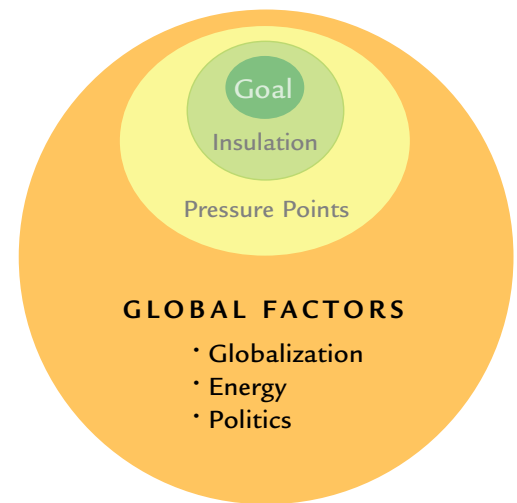


Figure 9

Conclusion

While it is impossible to predict the future, it is clear that the City of Saint Paul faces many challenging, complex issues in the years ahead. This report does not lay out a definitive plan for the city or provide an answer key for dealing with all of the questions ahead of us; instead, it begins to explore the major issues that will have broad impacts on the city, and we hope that the analysis continues as new issues and concerns inevitably emerge.

Our hope is that this report and the data and issues in it become a lens for the evaluation of projects, plans, and policies that come before the Planning Commission and the City of Saint Paul. By actively using the contents of this report in the City's dialogue, evaluation, and analysis of emergent issues, we intend to instill long-range perspective in individual decisions.

By taking a long-range view of the city's future, decision makers have the opportunity to view current issues from a very different perspective from the in-the-moment, special-interest dominated context to which they are accustomed. Making decisions on behalf of the city

is never simple, but a long-range lens forces decision makers to ask different questions about the potential impacts of their decisions.

Sometimes this lens and the questions it generates will crystallize the correct response to a decision; sometimes it will highlight the flaws in all potential responses. Simply having these concerns and issues articulated, as many are in this report, provides a defensible basis for decision making in a political world, even when there is no clear "right" answer that will make everyone happy.

The goal at the center of the "pressure points" framework is to promote the growth necessary to keep Saint Paul vibrant and healthy without compromising its high quality of life or changing its heart. Preserving this goal requires a balance between growing Saint Paul and maintaining its character. Achieving this balance in the face of change will be difficult, but not impossible. It will require a combination of big thinking and individual decisions, spread out over many years. It is a daunting task, but Saint Paul is equal to the challenge.

Endnotes

- 1 U.S. Census, 2004 American Community Survey
- 2 American Community Survey
- 3 The Great Northern Alliance Opportunity Forecast Summary
- 4 U.S. BLS, Local Area Unemployment Statistics
- 5 U.S. DOC/BEA, Regional Economic Accounts
- 6 U.S. BLS, CES Estimates
- 7 U.S. DOC/BEA, Regional Economic Accounts
- 8 Brookings Institution analysis of Census 2000
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- 11 <http://www.metrocouncil.org/directions/planning/planning2006/surveyJan06.htm>
- 12 2030 Transportation Policy Plan, Metropolitan Council
- 13 MN Department of Employment and Economic Development (DEED)
- 14 MN DEED, <http://www.deed.state.mn.us/lmi/tools/projections.htm>
- 15 Mind the Gap: Reducing Disparities to Improve Regional Competitiveness in the Twin Cities, Brookings Institution
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- 18 Family Housing Fund
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- 20 Mind the Gap: Reducing Disparities to Improve Regional Competitiveness in the Twin Cities, Brookings Institution
- 21 The Young and the Restless in a Knowledge Economy, CEOs for Cities
- 22 <http://www.metrocouncil.org/directions/planning/planning2006/surveyJan06.htm>
- 23 Great North Alliance Opportunity Forecast Summary, 2005-2006